

Chapter 3

Obtaining Authorization for Campus-Based Funding

Summary

This chapter provides an overview of fiscal matters that pertain to the campus-based programs (Federal Supplemental Educational Opportunity Grant [FSEOG], Federal Work-Study [FWS], and Federal Perkins Loan). Topics discussed include the funding process, federal and nonfederal shares of funding, administrative cost allowance, and funds available for awards.

To make *The Blue Book* a more effective reference tool, the formulas for determining nonfederal shares, administrative cost allowance (ACA), and the amount of funds available for making awards are also discussed in this chapter.



Key Terms*

administrative cost allowance (ACA)	Federal Work-Study (FWS)
allocation	Final Funding Authorization
base guarantee	Fiscal Operations Report and Application to Participate (FISAP)
carry back	Institutional Capital Contribution (ICC)
carry forward	Job Location and Development (JLD) Program
community-service jobs	level of expenditure (LOE)
Electronic Statement of Account (ESOA)	nonfederal share
excess liquid capital	work college
Federal Capital Contribution (FCC)	Work-Colleges Program
Federal Perkins Loan Program	
Federal Supplemental Educational Opportunity Grant (FSEOG)	

***Key terms are in boldface type when they first appear in the text.**



Reference:

- *Student Financial Aid Handbook, Volume 4: Campus-Based Common Provisions*



Reference:

- See Chapter 6 of this book.

3.1 Funding Process

The U.S. Department of Education (ED) allocates campus-based funds to schools that, in turn, administer the funds on behalf of ED according to applicable laws and regulations. These programs are referred to as “campus-based” because they are administered directly by schools rather than by ED.

To receive campus-based funds, eligible institutions must apply for the funds annually. Schools also must report on their use of campus-based funds on an

**Reference:**

- *Federal Register*, September 19, 1997
- DPL CB-01-02
- DPL CB-00-10

**Reference:**

- See Chapter 6 of this book.

**Reference:**

- HEA, Part A, Section 413D
- HEA, Part C, Section 442(a) and (b)
- HEA, Part E, Section 462(a) and (b)
- DPL CB-01-01
- DPL CB-01-03
- DPL CB-99-16
- DCL GEN-98-28

*The base guarantee is the amount a school is guaranteed and is based on the 1999-2000 award year allocations .

annual basis. The report used to satisfy both these requirements is the **Fiscal Operations Report and Application to Participate (FISAP)**.

Applying for Federal Campus-Based Funds

To receive campus-based funds for one or more campus-based programs, schools must submit a FISAP to ED for each award year they wish to receive funds. The deadline for filing the FISAP is October 1 of the calendar year that precedes the award year. For example, to receive campus-based funds for the 2002-03 award year, institutions must have filed a FISAP by October 1, 2001.

All schools that apply are required to use the electronic FISAP. ED no longer provides or accepts paper, diskettes, or the FISAP in a magnetic-tape format. Schools are required to submit their FISAP to ED's campus-based program contractor through the Student Aid Internet Gateway (SAIG) using EDConnect and FISAP for Windows software. The data are processed and returned to the school's SAIG electronic mailbox.

Using the information on the FISAP, ED determines the amount of federal funds the school will receive for the award year for one or more of the campus-based programs. This federal portion of the campus-based award is called an "**allocation**."

Allocating Federal Campus-Based Funds

ED calculates a school's allocation of campus-based funds on the basis of allocation formulas prescribed in federal law and funding appropriated by Congress. A timeline illustrating the campus-based program allocation process is on page 3-8. An institution will not receive an allocation that exceeds the amount it requests on its FISAP, even if it is eligible for additional funds.

Beginning with the 2000-01 award year, campus-based allocation formulas changed. Funds in excess of the **base guarantee*** are distributed through a fair-share computation. For the Federal Perkins Loan Program, however, the base guarantee for a specific award year is \$0 for any institution with a cohort default rate of 25 percent or higher.

A school can receive two types of campus-based funds allocations: initial and supplemental.

- ◆ Initial allocation– the amount that ED first allocates to each participating school, generally in the spring of each year, according to statutory allocation formulas.
- ◆ Supplemental allocation–an additional amount of campus-based funds from ED that is allocated on the basis of excess campus-based funds from the previous award year. Supplemental allocations come from the amount of unused campus-based funds returned the previous year by all participating schools.

Each eligible, participating school receives an initial allocation for each campus-based program in which it participates.

By April 1 of each year, ED issues a “Dear Partner” letter that announces the final federal funds available for that award year in each of the campus-based programs. An example of a campus-based allocation “Dear Partner” letter begins below.

MARCH 2001

**“Dear Partner” Letter CB-01-03 (campus-based allocation
announcement for 2001-02 award year)**

CB-01-03

SUMMARY: Information regarding your institution's final funding authorization under the Campus-Based Programs for the 2001-2002 award year.

REFERENCE: The Student Financial Aid Handbook, Campus-Based Programs

Dear Partner:

The federal funds available for the 2001-2002 award year for the Federal Perkins Loan, Federal Work-Study (FWS), and Federal Supplemental Educational Opportunity Grant (FSEOG) programs are as follows:

Program: FWS

Amount: \$ 1,011,000,000

Program: FSEOG

Amount: \$ 691,000,000

Program: Federal Perkins Loan

Amount: \$ 100,000,000

Questions & Answers

Q. How were the Campus-Based awards for my school determined?

A. Your final 2001-2002 funding levels have been determined in accordance with procedures contained in the:

1. Higher Education Act of 1965 (HEA), as amended; and
2. Section 34 CFR Part 673 of the Campus-Based Program Regulations.

You will find in your Student Aid Internet Gateway mailbox a copy of your institution's final funding worksheet for each program which shows the specific steps used to calculate your awards. For line by line worksheet instructions, refer to Dear Colleague [CB-01-01](#) (January) posted on Ed's website www.ifap.ed.gov.

Q. What effect did returning more than 10 percent of my 1999-2000 allocation have on my 2001-2002 allocation?

A. The HEA requires that if an institution returns more than 10 percent of its Federal Perkins Loan, FWS, or FSEOG program allocation for an award year, the institution's allocation for that program will be reduced in the succeeding award year by the amount unexpended.

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Q. How did my request for an underuse of funds waiver affect my allocation?

A. All institutions had an opportunity to request an underuse of funds waiver with their initial 2001-2002 FISAP submission. We have reviewed all waiver requests received and have mailed a separate letter to those institutions showing the Department's decision regarding their requests. Approved waivers are reflected for on the final funding worksheets and for each program in the authorization letter.

There is a line item on each final funding worksheet that reflects increased authorizations for some institutions. Additional funds were awarded according to need as results of the redistribution of the amounts of under use of fund reductions withheld from institutions that either did not submit a waiver request or received a waiver denial.

Q. When will Campus-Based funds become available to my institution?

A. Your award letter and final funding worksheets will be sent by electronic file (message class FFIN020P) by April 1, 2001. Federal funds for these programs will be posted into your institution's grantee account in the Department's Grant Administration and Payment Systems (GAPS) by July 1, 2001. Payments are to be withdrawn from your grantee account according to the procedures specified in the *Department of Education Payee's Guide*.

Q. Will there be additional FWS funds for the 2001-2002 Award Year?

A. With the exception of \$4,000,000 earmarked for Work-Colleges participation, all of the \$1,011,000,000 funds appropriated for the 2001-2002 Federal Work-Study Program have been distributed in the initial awarding process. Some institutions may also qualify for reallocated supplemental FWS funds. An application with specific qualifications is included in your FISAP software (Reallocation Form E40-4P).

Q. What is the purpose of the Federal Perkins Loan level of expenditure?

A. If your institution participates in the Federal Perkins Loan Program, the level of expenditure shown on your Perkins final funding worksheet represents the maximum amount the institution is authorized to expend from its loan fund for the 2001-2002 award year. If your institution wants to request an increase in its approved level of expenditure, you may write to the Area Case Director at the regional office that serves your state. A request to increase the authorized level of expenditure will not result in any increase to the Federal Capital Contribution allocation.

Q. Who can help me if I have questions?

A. If you have any questions regarding your 2001-2002 funding levels, please call (202) 708-7741 for assistance.

Sincerely,
Lois Moore
Acting Director
Campus-Based Operations

Along with the April 1 “Dear Partner” letter, ED sends each participating school an electronic **Final Funding Authorization** to notify the school of its final allocation for each campus-based program. This **Electronic Statement of Account (ESOA)** is sent as an electronic file and can be printed.

The ESOA is sent to each participating school’s SAIG mailbox, and it is a school’s authorization to spend up to the amount of federal funds listed for each campus-based program in which it participates and for which it has requested funds. Below is an example of an ESOA.

Sample Electronic Statement of Account (ESOA) for the 2001-02 award year

U.S. DEPARTMENT OF EDUCATION
OFFICE OF STUDENT FINANCIAL ASSISTANCE

2001-2002 Award Year
Campus-Based Programs
Statement of Account

OPEID: 00632700
Grantee DUNS Number: 826407329
Institution Name: Maury University
City: Rockville
State: MD

Grant Period: July 1, 2001 through June 30, 2002

Federal Supplemental Educational Opportunity Grant Program

GAPS Award Number: P007A84467

Transaction Amount	Transaction Date
\$800,000	03/20/2001

\$800,000 P007A84467 authorization amount as of 03/20/2001

Federal Work-Study Program

GAPS Award Number: P033A84467

Transaction Amount	Transaction Date
\$692,065	03/20/2001

\$692,065 P033A84467 authorization amount as of 03/20/2001

Federal Perkins Loan Program FCC

GAPS Award Number: P038A84467

Transaction Amount	Transaction Date
\$10,000	03/20/2001

\$10,000 P038A84467 authorization amount as of 03/20/2001

Included with a school's Final Funding Authorization is the school's Final Funding Worksheet. The worksheet shows the actual numbers that were used to determine a school's allocation for each campus-based program in which it participates and how each final allocation was determined. Below is an example of a Final Funding Worksheet.

Sample Final Funding Worksheet for the 2001-02 award year

03/24/2001
State: MD

INSTITUTIONAL WORKSHEET
FWS FINAL FUNDING 2001-2002

(01) MAURY UNIVERSITY	
(02) 001752 00632700	
(03) 153091456A1	
(04) FWS Request	\$900,000
(05) FWS National Total of Funds Available	\$931,000,000
(06) Base Guarantee	\$692,065
(07) National Total of Base Guarantees	\$657,426,611
(08) Base Guarantee Percentage Fundable	100.000000
(09) Adjusted Base Guarantee	\$692,065
(10) Average Under-Grad Tuition and Fees	\$1,173
(11) Average Under-Grad Time in Attendance	9.00
(12) Living Cost Allowance	\$5,565
(13) Books and Supplies Allowance	\$450
(14) Average Under-Grad Cost	\$7,188
(15) 25% of Average Under-Grad Cost	\$1,797
(16) Under-Grad Self Help Need	\$11,912,220.0
(17) Average Graduate Tuition and Fees	\$0
(18) Average Graduate Time in Attendance	0.00
(19) Living Cost Allowance	\$5,565
(20) Books and Supplies Allowance	\$450
(21) Average Graduate Cost	\$6,015
(22) Graduate Self Help Need	\$0.0
(23) Total Self Help Need	\$11,912,220.0
(24) National Total Self Help Need	\$21,299,082,297.6
(25) Relative FWS Need	0.0005593
(26) Fair Share	\$520,708
(27) National Funds Available for Fair Share	\$273,573,389
(28) Shortfall	\$0
(29) National Total of Shortfalls	\$382,564,019
(30) Relative Shortfall	0.0000000
(31) Initial Fair Share Increase	\$0
(32) Additional Fair Share Increase	\$0
(33) Total Fair Share Increase	\$0
(34) Total FWS Allocation	\$692,065
(35) Under Used Percentage***	0.00
(36) Allocation Reduction***	\$0
(37) Redistribution of Underutilization Reduction	\$0
(38) Adjusted FWS Allocation***	\$692,065

Please refer to cover letter for explanation of items with ***

**Reference:**

- See Section 4.10 of this book.

**Reference:**

- DPL CB-00-11
- 34 CFR 675.1
- DPL CB-00-12

**Reference:**

- 34 CFR 673.4(d)(3)

If schools do not use their total allocations of campus-based funds during an award year, they should return unexpended allocations of federal funds to ED so that the money can be reallocated to schools that need additional campus-based funds (called supplemental allocations). This return of a school's unexpended allocated funds is called "releasing campus-based" funds.

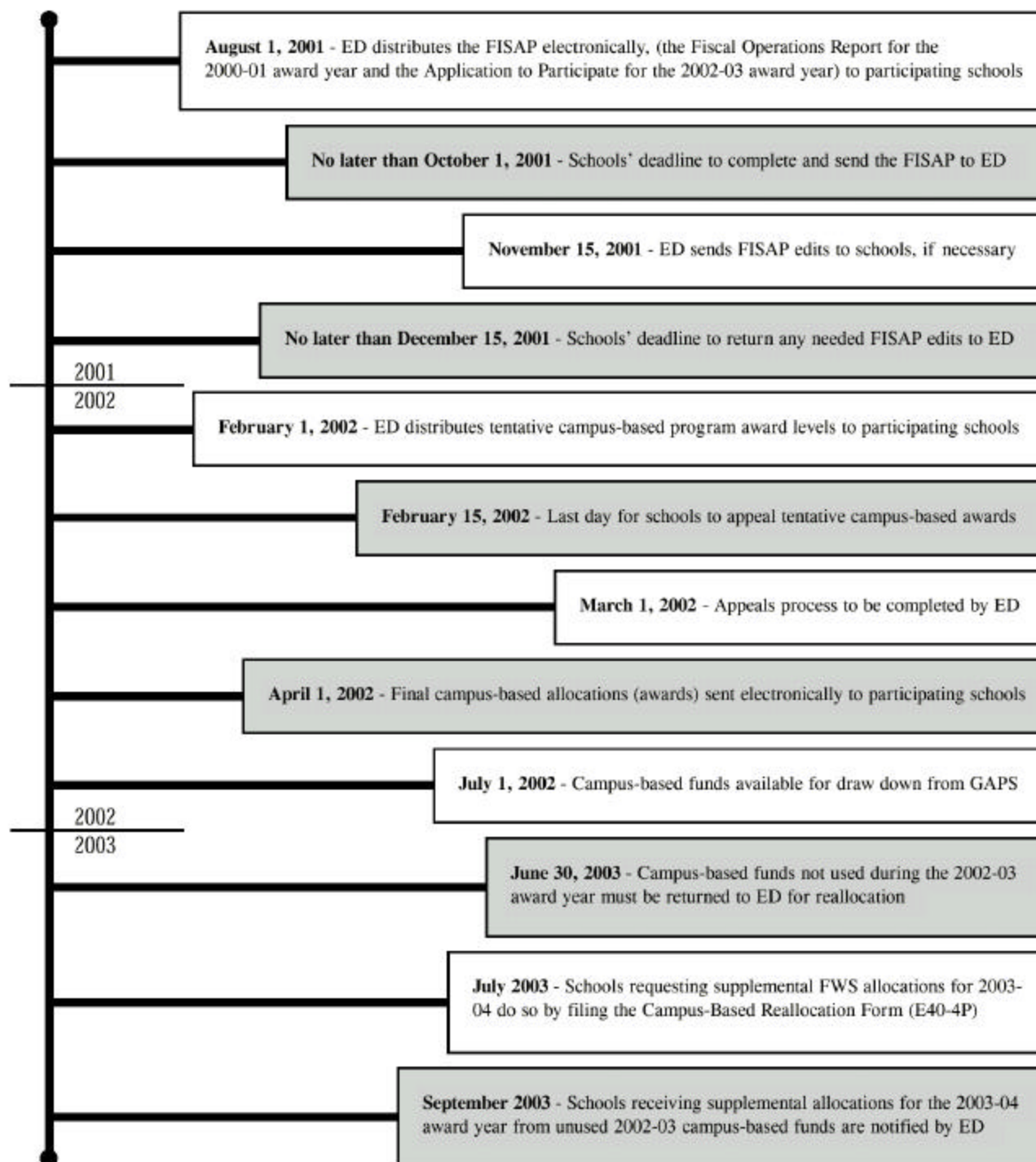
Each year in June, ED sends a Campus-Based Reallocation Form (E40-4P) to schools participating in the FWS Program. The form is completed and sent to ED only if a school is releasing campus-based funds or if a school is requesting supplemental FWS funds. Supplemental allocations for the Federal Perkins Loan and FSEOG Programs are based on whether the school has a fair share short-fall and unmet request on the FISAP. Supplemental allocation notifications are sent to schools electronically.

If a school returns more than 10 percent of its total allocation (initial plus supplemental) the allocation for that program for the second succeeding award year will be reduced by that dollar amount, *unless* the school can show just cause for underusing the funds. To do this, a school submits a waiver request; ED decides whether the request is approved or denied. ED may waive the funding reduction if it finds that enforcing the reduction would be counter to the interests of the affected campus-based program(s).

A school's total drawdowns from the Grant Administration and Payment System (GAPS) for a campus-based award should equal the federal expenditures reported for each campus-based program on its FISAP.

A timeline of the campus-based program(s) allocation process for the 2002-03 award year is on the next page.

Campus-Based Program(s) Allocation Timeline for the 2002-03 Award Year



**Reference:**

- 34 CFR 674.2
- 34 CFR 674.8
- 34 CFR 674.19(c)

*However, if a school transfers Federal Perkins Loan funds to either FSEOG or FWS before depositing those funds in the school's Federal Perkins Loan fund, the school does not have to provide an ICC match for the transferred funds.

**Reference:**

- DPL CB-99-16

3.2 Federal and Nonfederal Shares of Funding

The total amount that a school may spend on any campus-based program is composed of both federal and nonfederal funds. For each program, there are rules for determining what share of the total amount may come from federal funds and what share of the total amount must come from nonfederal funds.

Federal Perkins Loan Program

The amount of new **Federal Perkins Loan Program** funds provided to a school for an award year by the federal government is called the **Federal Capital Contribution (FCC)**. Schools must provide an additional share from their own funds called the **Institutional Capital Contribution (ICC)**. The ICC must equal or exceed:

- ♦ one-third (33 1/3 percent) of the FCC *or*
- ♦ one-quarter (25 percent) of the combined FCC and ICC.*

For example, if a school received an FCC of \$30,000, it would be required to provide an ICC of at least \$10,000, for a combined amount of \$40,000. The FCC (\$30,000) *divided by .3333 equals \$40,000 minus \$30,000 equals \$10,000.*

Level of Expenditure (LOE)

The **level of expenditure (LOE)** is the maximum dollar amount that ED allows a school to expend from the school's loan fund in a given award year. This includes all authorized expenditures for the program, such as all loans to students, administrative cost allowance, and collection costs. The LOE equals the total of FCC, ICC, funds available from the school's projected collection of Federal Perkins Loans in repayment, estimated Perkins Loan cancellation reimbursements, and anticipated cash on hand (FCC + ICC + collected loans + cancellation reimbursements + cash on hand = LOE). To ask for an increase in their LOE, schools make the request through the appropriate ED Area Case Director of the regional Case Management Team that serves their state. The telephone numbers for the case management teams and divisions are found on page 4 of Appendix D.

The legislative requirement included in Section 466 of the Higher Education Act of 1965, as amended (HEA) requires the return of excess Federal Perkins Loan funds when available resources exceed a school's needs in the foreseeable future. A school has **excess liquid capital** in its Federal Perkins Loan fund if funds available (cash on hand, plus projected collections, plus Federal Capital Contribution [FCC] and Institutional Capital Contribution [ICC], plus interest income and cancellation repayments) for the current award year significantly exceed the award year's total expenditures from the fund. Schools are encouraged to disburse any identified excess cash during the award year;

otherwise, they should return any excess Federal Perkins Loan funds to ED's National Payment Center.

The reported cash on hand amount as of June 30th should be updated as of October 31, during the Fiscal Operations Report and Application to Participate (FISAP) edit process. The appropriate sections of the FISAP must be completed annually to reflect cumulative and annual collection and disbursement activity in its revolving loan fund. Schools should request FCC only when its cash on hand has been depleted.

Federal Work-Study (FWS) Program

Federal Share and Nonfederal Share

In general, the federal share of **Federal Work-Study (FWS)** wages paid to a student may not exceed 75 percent. (The 75 percent applies to expenditures for FWS wages, not administrative cost allowance.) Schools must provide at least 25 percent of a student's total FWS wages from nonfederal sources. For example, if a school wanted to spend \$45,000 of its FWS federal funds for student wages, it would be required to provide at least \$15,000 in nonfederal funds. A total of \$60,000 would then be available to pay student wages under the school's FWS Program.

There are situations when the ratio of federal share to **nonfederal share** of 75 percent/25 percent does not apply.

- ◆ *Schools are allowed to provide more than the required minimum 25 percent nonfederal share. For example, if a school received \$60,000 in federal funds and wished to spend a total of \$100,000 for student FWS wages, it may spend \$40,000 of nonfederal funds to do so. In this example, the federal share of students' total earned compensation under the FWS program expenditures would be 60 percent, while the nonfederal share would be 40 percent.*
- ◆ *For off-campus FWS jobs with private, for-profit organizations, the federal share of wages paid to students is limited to 50 percent. The for-profit organization must provide a nonfederal share of at least 50 percent. The employer may contribute a nonfederal share that exceeds the required 50 percent. However, an institution may use no more than 25 percent of its total current year initial and supplemental allocations to pay wages to students employed with private, for-profit organizations.*
- ◆ *The federal share of compensation paid to students employed as reading tutors for children, mathematics tutors for children, or in a family literacy project performing family literacy activities may exceed 75 percent and may be as high as 100 percent, as documented in the school's accounting records.*
- ◆ *The federal share can be as much as 90 percent and the nonfederal share can be as little as 10 percent for students employed at a private, nonprofit organization or at a federal, state, or local public agency under specific circumstances. Only*



Reference:

- *Student Financial Aid Handbook, Volume 4: Campus-Based Common Provisions*
- 34 CFR 675.26
- HEA, Section 443(b)(5)



Reference:

- 34CFR 675.23(b)(2)(i)



Reference:

- DPL CB-99-12
- DCL CB-98-6
- DCL CB-97-12

**Reference:**

- 34 CFR Parts 607-609



organizations that are unable to afford the cost of this employment are eligible to pay a reduced nonfederal share. In addition, the school may not own, operate, or control the organization, and the school must select the organization or agency on a case-by-case basis. No more than 10 percent of a school's FWS students may benefit from this provision.

- ◆ *The federal share can be 100 percent for an institution designated as eligible under Title III of the HEA (the Strengthening Institutions Program, the Strengthening Historically Black Colleges and Universities Program, or the Strengthening Historically Black Graduate Institutions Program). Schools wanting a waiver of the institutional-share requirement in the FWS Program because of their Title III designation are no longer required to check a field on the FISAP to request this waiver. Beginning with the 2002-03 award year, a school will be considered to have applied for this waiver if the school:*
 - ◆ submits a complete FISAP by October 1, 2001 *and*
 - ◆ is designated as Title III eligible.

These schools will receive a letter from ED, addressed to the financial aid administrator, indicating that they have been granted a Title III waiver of the institutional-share requirement for the FWS and/or FSEOG programs for the 2002-03 award year. A school that receives this waiver for the 2002-03 award year has the option to continue providing an institutional share and determining the amount of that share.

Institutions must apply annually for a Title III designation. If a school is unsure of its Title III eligibility for the 2002-03 award year, or if it needs to apply for Title III eligibility, the school should contact:

U.S. Department of Education
Institutional Development Undergraduate Education Service
Title III Eligibility Designation
1990 K Street, NW, 6th Floor
Washington, DC 20006-8512

Telephone: 202-502-7777

Nonfederal Share Sources

**Reference:**

- 34 CFR 675.27

The nonfederal FWS share may come from any resource available to a school (except funds allocated under the FWS Program):

- ◆ The school can pay the nonfederal share from its own funds or other nonfederal sources, outside funds from an off-campus employer, or a combination of these types of funds.
- ◆ The school can also pay the nonfederal share in the form of documented noncash contributions of services and equipment (such as



Reference:

- HEA, Part C, Section 441(c)
- HEA, Part C, Section, 443 (b)(2)
- 34 CFR 675.18(g)
- DPL CB-00-8



Reference:

- DCL CB-01-04

tuition and fees, room and board, books, and supplies) documented by accounting entries.

Community-Service Jobs

The HEA requires schools to spend a portion of their FWS total allocations (initial and supplemental) to compensate students working in **community-service jobs**. A community-service job is defined as an activity that improves the quality of life or solves a problem for a community's residents, especially its low-income residents. Examples of community services include healthcare, child care, public safety, crime prevention and control, rural development, and community improvement. These services must be open to the entire community.

Effective the 2000-01 award year, a school must use at least 7 percent of its annual FWS total allocations (initial and supplemental) to pay the federal share of wages to students working in community-service jobs. In meeting the 7 percent community-service expenditure requirement, one or more FWS students must be employed in at least one reading-tutoring project as a reading tutor for children who are preschool age or are in elementary school, or in a family literacy project performing family literacy activities. A school may request a waiver of this requirement; the request must be in writing. ED approves this type of waiver only if it determines that a school has demonstrated that enforcing the requirement would cause a hardship for its students.

To request a waiver for an award year, a school must send a waiver request and any supporting information or documentation to ED by the established deadline date of that award year. If a school has any questions about the community-service expenditure requirements or waiver procedures, the school can contact ED's Campus-Based Operations at 202-708-9751.

In an effort to increase the reading and math proficiency among our youth, tutoring in these areas has become a federal priority. The FWS regulations authorize a 100 percent federal share of FWS wages earned by a student who is employed:

- ◆ as a reading tutor for preschool-age through elementary-school-age children,
- ◆ as a mathematics tutor for children in elementary school through ninth grade, *or*
- ◆ performing family literacy activities in a family literacy project that provides services to families with preschool-age children or children who are in elementary school.

The work performed by the student must be for the school itself; for a federal, state or local public agency; or for a private, nonprofit organization. A school is not required to make a request to ED to be able to pay these FWS students'

**Reference:**

- 34 CFR 675.18(h)
- HEA, Part C Section 443(b)

wages with a 100 percent federal share from FWS funds. Instead, the school should use 100 percent federal dollars to pay these students and document this on both its FISAP and its internal accounting records.

Payment for Training and/or Travel

A student may be paid for training for any FWS employment or for a reasonable amount of time for travel that is directly related to a community-service job.

Because every job requires some type of training, whether formal or informal, ED allows FWS students to be paid wages during a training period that is conducted for a “reasonable” length of time. This applies regardless of the type of FWS job the student has. A reasonable training period is one that occurs immediately before the student begins the regular duties of the FWS employment and does not exceed approximately 20 hours. Students also may be compensated for a reasonable amount of time to perform ongoing activities (for example, preparation and evaluation time) needed to accomplish their jobs.

Schools may pay students for a reasonable amount of time spent for travel that is directly related to employment in community-service activities. Time spent for travel should be reported on the student’s FWS time record in the same way hours actually worked are currently reported. Schools should provide their students with a time record that separates time spent in travel from actual hours worked.

Reallocated FWS Funds

Beginning with the 2000-01 award year, unexpended FWS funds returned to ED will be reallocated to each eligible school that used at least 5 percent of its total FWS allocations to pay students employed as reading tutors or in family literacy activities in the preceding award year.

When a school receives reallocated FWS funds, the minimum amount of FWS federal funds the school must expend on community-service jobs is the greater of the following two amounts:

- ◆ 7 percent of the total (initial and supplemental) FWS allocation, *or*
- ◆ 100 percent of the amount of the reallocated FWS funds.

Job Location and Development (JLD) Program

The **Job Location and Development (JLD) Program** enables schools to expand off-campus job opportunities for currently enrolled students who want jobs regardless of their financial need. The JLD Program also may be used to locate off-campus jobs for FWS students. JLD funds are not to be used to pay students whose jobs were located and developed through the JLD Program.

**Reference:**

- 34 CFR 675.31-675.37



Reference:

- 34 CFR 675.41-675.50

A school may use up to 10 percent or \$50,000 (whichever is less) of its FWS allocation to establish or expand a program to locate and develop off-campus jobs, including community-service jobs. Jobs located or developed under the program may be for either profit or nonprofit employers.

The federal funds that a school sets aside from its FWS allocation for JLD Program expenses may be used to pay up to 80 percent of allowable costs. The school must provide the remaining 20 percent of allowable costs either in cash or in services, as documented in accounting records.

Work-Colleges Program

A “**work college**” is defined as an eligible public or private, nonprofit school with a commitment to community service. The school must:

- ◆ have operated a comprehensive work-learning program for at least two years,
- ◆ require all students who reside on campus to participate in a comprehensive work-learning program,
- ◆ have a program that requires providing service as an integral part of the school’s educational program and as part of the school’s educational philosophy, *and*
- ◆ provide students in the comprehensive work-learning program with an opportunity to contribute to their education and to the welfare of the community.

Schools that satisfy the HEA definition of “work college” may apply to ED to participate in the program. In addition to federal appropriations, schools can transfer FWS and/or new FCC funds for Federal Perkins Loans to the **Work-Colleges Program**.

Work colleges may use available program funds to coordinate and carry out the following six activities:

1. Support the educational costs of qualified students through self-help payments or credits provided under the work-learning program (within the limits of Part F of Title IV of the HEA);
2. Promote the work-learning service experience as a tool of postsecondary education, financial self-help, and community-service learning opportunities;
3. Carry out activities in Sections 443 or 446 of the HEA (grants to FWS Programs);



Reference:

- HEA, Part C, Section 448
- 34 CFR 675.45

4. Administer, develop, and assess comprehensive work-learning programs, including community-based, work-learning alternatives that expand opportunities for community service and career-related work and alternatives that develop sound citizenship, encourage student persistence, and make optimum use of assistance under the Work-Colleges Program in education and student development;
5. Coordinate and carry out joint projects and activities to promote work-service learning; *and*
6. Carry out a comprehensive, longitudinal study of student academic progress and academic and career outcomes, relative to student self-sufficiency in financing their higher education, repaying student loans, continued community service, kind and quality of service performed, and career choice and community service selected after graduation.



Reference:

- *Student Financial Aid Handbook, Volume 4: Campus-Based Common Provisions*
- 34 CFR 676.21(a)
- 34 CFR Parts 607-608



Federal Supplemental Educational Opportunity Grant (FSEOG) Program

The federal share of **Federal Supplemental Educational Opportunity Grant (FSEOG)** awards made to students may not exceed 75 percent of the total FSEOG awards made by the school. The school must ensure there is a nonfederal match of 25 percent of the total FSEOG awards.

- ◆ The federal share can be 100 percent for an institution designated as eligible under Title III of the HEA (the Strengthening Institutions Program or Strengthening Historically Black Colleges and Universities Program). Schools wanting a waiver of the institutional-share requirement under the FSEOG Program are no longer required to check a field on the FISAP to request this waiver. Beginning with the 2002-03 award year, a school will be considered to have applied for this waiver if the school:
 - ◆ submits a completed FISAP by October 1, 2001 *and*
 - ◆ is designated as Title III eligible.
- ◆ These schools will receive a letter, addressed to the financial aid administrator, from ED indicating that they have been granted a Title III waiver of the institutional-share requirement for the FSEOG program for the 2002-03 award year. A school that receives this waiver for the 2002-03 award year has the option to continue providing an institutional share and determining the amount of that share.

There are three methods by which an institution may meet the 25 percent nonfederal share requirement for FSEOG:

- ◆ *Individual recipient basis*—The school ensures that the nonfederal match is made to each individual FSEOG recipient together with the federal share in such a way that each student's total FSEOG award consists of 75 percent federal dollars and 25 percent qualified nonfederal dollars. A school using this method calculates and documents on a student-by-student basis what portion of the student's FSEOG award comes from federal funds and what portion comes from nonfederal funds.
- ◆ *Aggregate basis*—The school ensures that the sum of all funds awarded to all FSEOG recipients in a given award year consists of 75 percent federal dollars and 25 percent qualified nonfederal dollars. A school using this method calculates and documents on an aggregate basis what portion of total federal *and* qualified nonfederal dollars awarded to all FSEOG recipients comes from federal funds and what portion comes from nonfederal funds.
 - ◆ For example, if a school awards a total of \$60,000 to all FSEOG recipients in an award year, it must ensure that \$45,000 comes from federally allocated funds and \$15,000 comes from nonfederal funds. The school may meet this requirement by awarding qualified nonfederal funds to FSEOG recipients on a student-specific basis. For example, if the school makes a total of \$60,000 in FSEOG awards to a total of 100 students, the entire nonfederal share may be met by awarding a total of \$15,000 in nonfederal resources to only five FSEOG recipients. However, each FSEOG recipient must receive some FSEOG federal funds.
- ◆ *Fund-specific basis*—The school establishes an FSEOG fund for federal program funds and deposits the required 25 percent qualified nonfederal matching share into the fund. Awards to FSEOG recipients are then made from this “mixed” fund. A school using this method first creates a pool of funds containing 75 percent federal dollars and 25 percent nonfederal dollars, then makes FSEOG awards to students from this pooled fund. Once the federal and qualified nonfederal funds are combined, they lose their separate identities. For the purpose of a return of Title IV funds calculation, 100 percent of the funds are considered federal.

**Reference:**

- 34 CFR 676.21(c)
- 34 CFR 692

**Reference:**

- DPL CB-00-13
- DPL CB-99-15
- DCL CB-98-15

The nonfederal share of FSEOG funds must come from nonfederal resources such as institutional grants and scholarships, tuition or fee waivers, state scholarships and grants, and foundation or other charitable organizational funds.

However, the portion of a state scholarship or grant that comes from the Leveraging Educational Assistance Partnership (LEAP) Program (previously known as the State Student Incentive Grant [SSIG] Program) or the Special Leveraging Educational Assistance Partnership (SLEAP) Program cannot be used for the nonfederal share.

Annually, ED identifies the percentage of each state's scholarships that can be used to provide the nonfederal share of FSEOG awards. Each school then can apply the appropriate state percentage to the state scholarships and grants its students receive to determine the total amount of state scholarships and grants that may be used to meet the FSEOG nonfederal share requirement.

- ◆ For example, if a student receives a grant of \$600 from a state where 91.56 percent of state funding can go toward FSEOG awards, the school multiplies 91.56 percent by \$600. The result is \$549, which is the portion of the grant that the school may use to meet the nonfederal share of an FSEOG award.

3.3 Administrative Cost Allowance (ACA)

Schools participating in the campus-based programs are entitled to an **administrative cost allowance (ACA)** from their campus-based program funds. The ACA is part of the institution's total program expenditures, not an additional allocation. An example of an ACA calculation is on the next page.

A school may take its ACA out of its annual FSEOG and FWS allocations and from cash on hand in its Federal Perkins Loan fund. A school may also draw its ACA from any combination of campus-based programs or it may take the total ACA from one program, provided there are sufficient funds in that program. However, a school may not draw any part of its ACA from a campus-based program *unless* it disbursed funds to students from that program during that award year.

If a school charges an ACA against its Federal Perkins Loan fund, it must charge these costs during the same award year in which the expenditures for these costs were made.

Schools may claim an ACA to help them defray the costs of administering the campus-based and Federal Pell Grant programs, such as salaries, supplies, and equipment. The ACA may also be used to pay service fees charged by banks for maintaining campus-based program accounts, including a school's Federal Perkins Loan fund, and for expenses related to student consumer information requirements.

The amount of ACA a school may claim is determined by its expenditures for the campus-based programs in which it participates, excluding the amount of Federal Perkins Loans assigned to ED. Here "expenditures" means:

- ◆ FSEOG disbursements (grants made) to students (this includes both the 75 percent federal share and the 25 percent nonfederal share),
- ◆ FWS gross compensation (wages paid) to students (this includes the total federal and nonfederal shares), *and*
- ◆ Federal Perkins Loan advances (loans made) to students.



Reference:

- *Student Financial Aid Handbook, Volume 4: Campus-Based Common Provisions*
- 34 CFR 673.7
- DPL CB-00-10

ACA is calculated as a percentage of a school's campus-based program expenditures, as follows:

- ◆ 5 percent of the first \$2,750,000 of expenditures, *plus*
- ◆ 4 percent of expenditures greater than \$2,750,000 but less than \$5,500,000, *plus*
- ◆ 3 percent of expenditures that are \$5,500,000 or more.

Some schools do not claim an ACA so that all the funds can be used for student awards. This option is the school's decision.

Example of an Administrative Cost Allowance (ACA) Calculation

In the 2000-01 award year, A+ University had qualified campus-based expenditures of \$10,000,000. The school fiscal office determined the school's total administrative cost allowance (ACA) in the following way:

Part 1 –

(5 percent of the first \$2,750,000 of expenditures)

\$2,750,000 multiplied by 5% equals **\$137,500**

Part 2 –

(4 percent of expenditures greater than \$2,750,000 but less than \$5,500,000)

\$5,499,999 minus \$2,750,001 equals \$2,749,998

\$2,749,998 multiplied by 4% equals \$109,999.92, which was rounded up to **\$110,000**

Part 3 –

(3 percent of expenditures \$5,500,000 or more)

\$10,000,000 minus \$5,500,000 equals \$4,500,000

\$4,500,000 multiplied by 3% equals **\$135,000**

A+ University's fiscal officer added the totals of all three parts and determined the school's ACA for the 2000-01 award year:

\$137,500 *plus*

\$110,000 *plus*

\$135,000 equals

\$382,500 – total allowable ACA

For the 2000-01 award year, A+ University's total allowable administrative cost allowance is \$382,500.

3.4 Funds Available for Awards

Schools may transfer funds from certain campus-based programs into certain other campus-based programs. Schools may also carry FWS or FSEOG funds back to the previous year or forward to the next year.

Transferring Funds Between Campus-Based Programs

Schools may not transfer funds *from* their FSEOG funds to another campus-based program.

A school may transfer up to 25 percent of its total FWS federal allocation *to* FSEOG. This 25 percent maximum is based on a school's current award year allocation and includes both initial and supplemental FWS allocations. FWS funds carried forward to the next year or carried back to the previous year do not change the basis for the 25 percent maximum transfer. A school may transfer up to 25 percent of its annual Federal Perkins Loan allocation to FSEOG and/or FWS. The total transfer cannot exceed 25 percent of the Federal Perkins Loan allocation, whether it is made only to one program or divided between the two programs.

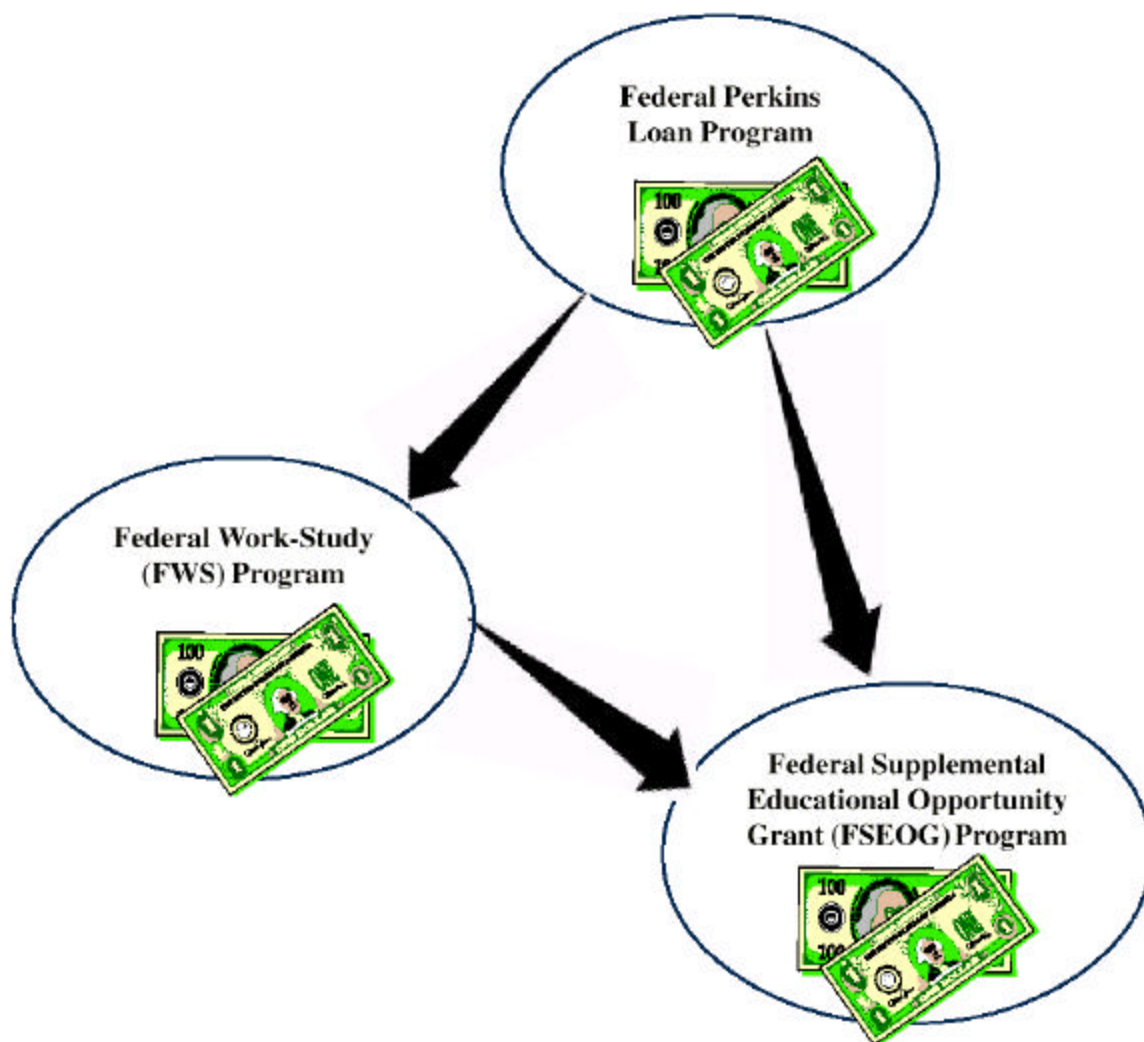
Transferred funds must be spent according to the requirements of the program to which they have been transferred. Any transferred funds that are not spent by the end of the award year in which the transfer was made must be returned to the original program.

A flowchart illustrating the transfer of funds between campus-based programs is on the next page.

**Reference:**

- 34 CFR 674.18(b)
- 34 CFR 675.18(e)
- 34 CFR 676.18(b)

Transferring Funds Between Campus-Based Programs



Note: Funds cannot be transferred *from* FSEOG.



Reference:

- 34 CFR 676.18(c)-(f) for FSEOG
- 34 CFR 675.18(b)(c)(d) for FWS
- HEA, Part A, Section 413E
- HEA, Part C, Section 445

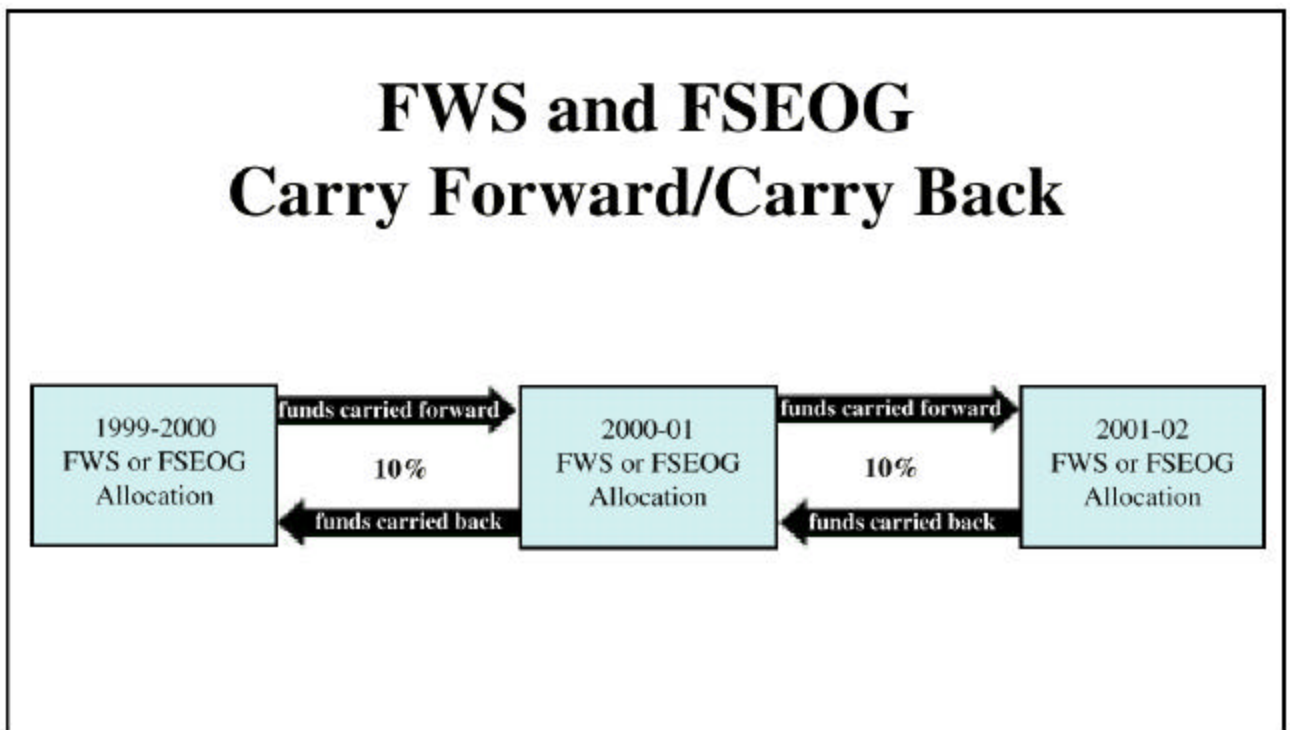
FWS and FSEOG Carry Forward and Carry Back

A school may **carry forward** some of its FWS and FSEOG funds in a given award year to the next award year. Before a school may spend its current year's allocation, it must spend any funds carried forward from the previous year. A school may also **carry back** some of its current year's allocation (initial and supplemental) for expenses incurred in the previous award year. The official allocation letter for a specific period is the school's authority to exercise this option.

Schools are allowed to:

- ◆ carry forward up to 10 percent of the previous year's FWS or FSEOG allocation to cover expenditures in the current award year,
- ◆ carry forward up to 10 percent of the current year's FWS or FSEOG allocation to cover expenditures in the next award year,
- ◆ carry back up to 10 percent of the current year's FWS or FSEOG allocation to cover expenditures incurred in the preceding award year, *and*
- ◆ carry back up to 10 percent of the next year's FWS or FSEOG allocation to cover expenditures incurred in the current award year.

A flowchart illustrating how FWS and FSEOG funds may be carried forward and carried back is below.



Carry Back Funds for Summer FWS Employment and FSEOG Awards

Schools may also carry back and expend in the previous award year any portion of their FWS allocations for the current award year to pay student wages earned from May 1 through June 30 of the previous award year (that is, for summer employment). Similarly, schools may carry back any portion of their FSEOG allocation for the current award year to pay FSEOG awards for payment periods that begin on or after May 1 of the previous award year but end before the beginning of the current award year.